

Message Text

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DEPARTMENT PASS COMMERCE FOR SUZANNE PORTER, BUREAU OF
EAST-WEST TRADE

E.O. LL652:N/A

TAGS: E/FIN, UK

SUBJECT: EAST-WEST TRADE HANDBOOK

1. DRAFT U.K. SECTION OF YOUR "HANDBOOK ON EAST-WEST
TRADE FINANCING: AN INTRODUCTION" HAS BEEN REVIEWED AND
RELEVANT SECTIONS DISCUSSED WITH ECGD OFFICIAL. WE REC-
OMMEND THE FOLLOWING REVISIONS AND DELETIONS:

-- P. 34, PARA 4; "LONG-TERM FINANCING IS AVAILABLE
ON A CASE BY CASE BASIS, USUALLY WITH ECGD COVER: IN
U.K. NO EAST-WEST TRADE FINANCING, EITHER MEDIUM OR LONG
TERM IS DONE WITHOUT ECGD COVER. THIS SENTENCE SHOULD
REFLECT MEDIUM TERM FINANCING COVER AS WELL AS LONG TERM.

-- P. 35, PARA 2 UNDER LINES OF CREDIT; "A NUMBER OF
ORDERS ... TO AS LITTLE AS 5,000." THIS PARAGRAPH SHOULD
BE DELETED IN ITS ENTIRETY FOR THE STATEMENT IS NO LONGER
TRUE.

-- P. 77, PARA 1, LINE 4; REVISE TO READ, "FOR SHORT
TERM AND EXTENDED TERM (TO 2 YEARS) EAST-WEST TRADE
TRANSACTIONS,"

-- P. 77, PARA 1, LINE 8, DELETE FINAL SENTENCE "AR-
BITRATION COVER IS ALSO AVAILABLE." THIS IS NO LONGER
TRUE.

-- P. 77, PARA. 2, LINE 11; DELETE "SOCIALIST COUN-
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TRIES." LINE SHOULD READ "INSURE IN SELECTED MARKETS.

THE ECGD ... "

-- P. 77, PARA 2, LINE 12 CONTINUING TO P. 78 LINES

1 AND 2; DELETE ENTIRE SENTENCE ON ARBITRATION COVER FOR IT IS NO LONGER APPLICABLE. ALSO DELETE FOOTNOTE 21.

-- P. 78, LINE 10 WHICH BEGINS WITH THE WORD "GUARANTEE," INSERT THE WORD "NORMALLY" BETWEEN "MUST HAVE"; THE PHRASE SHOULD READ, "THE WESTERN EXPORTER MUST NORMALLY HAVE HELD ECGD ...".

-- P. 79, LINE 3; AGAIN INSERT THE WORD NORMALLY" BETWEEN "MUST HAVE."

-- P. 79, LINE 7; REVISE THE PARAGRAPH TO READ, THE PREMIUMS FOR SHORT-TERM ECGD INSURANCE ARE CHARGED AT A FLAT RATE FOR ALL MARKETS, INCLUDING EAST-WEST TRADE RELATED TRANSACTIONS, AND VARY ONLY ACCORDING TO THE TRADING RECORD OF THE WESTERN EXPORTER."

-- P. 146, LINE 5; REVISE THE REMAINDER OF THE PARAGRAPH TO READ, "THE ECGD IS ACCOUNTABLE TO THE SAME MINISTERS AS THE DEPARTMENT OF TRADE. ECGD OPERATIONS ARE SELF-SUPPORTING WITH SURPLUSES FROM ECGD OPERATIONS BEING RETURNED TO THE CENTRAL GOVERNMENT AT THE END OF EACH YEAR." (FYI: WHILE THE STATEMENT THAT PARLIAMENT VOTES FUNDS FOR ECGD PROGRAMS IS TECHNICALLY TRUE, THE AMOUNT IS A TOKEN SUM OF ABOUT 5 POUNDS/YEAR AND IS A PURELY ADMINISTRATIVE EXERCISE. ALSO, THE DEPARTMENT OF TRADE AND INDUSTRY HAS BEEN SPLIT INTO TWO SEPARATE MINISTRIES).

-- P. 146, PARA 2, LINE 2; DELETE THE WORD NORMALLY REVISE LINE TO READ, "CREDITS. ECGD COVERAGE INCLUDES BOTH POLITICAL AND COMMERCIAL RISK." (FYI: BOTH TYPES OF COVERAGE ARE ALWAYS INCLUDED WHEN INSURING EAST-WEST TRADE CREDITS).

-- P. 147, PARA 1, LINES 4 AND 5; DELETE "COMMERCIAL BANKS" AND SUBSTITUTE "TO THE EXPORTER WITH A SUPPLEMENTARY GUARANTEE BEING GIVEN TO THE COMMERCIAL BANKS"

-- P. 147, PARA 1, LINE 6; END SENTENCE AFTER THE FIRST WORD, "FINANCING." DELETE REMAINDER OF SENTENCE AS WELL AS FOOTNOTE 52.

-- P. 147, PARA 1, LINE 12; ADD THE WORD "NORMALLY" BEFORE "ONE PERCENT."

-- P. 147, PARA 2, LINES 3 AND 4; END SENTENCE AFTER THE FIRST WORD "PRICE." DELETE PHRASE "WITH THE WESTERN UNCLASSIFIED

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EXPORTER . . . FOR HIS OWN ACCOUNT."

-- P. 147, PARA 2, LINE 5; REVISE LINE TO READ "RISK UNDER SUPPLIER CREDIT GUARANTEES IS USUALLY 90 PERCENT OF THE FINANCED PORTION AND"

-- P. 148 LINES 2 THROUGH 6; DELETE SENTENCE "THE AMOUNT OF SUCH ... CAN BE DEMONSTRATED." AND ALSO DELETE FIRST WORD OF NEXT SENTENCE "THUS".

-- P. 148 THROUGH P. 150; DELETE ENTIRE SECTION ON

"ARBITRATION COVER" FOR ARBITRATION COVER IS NO LONGER
AVAILABLE IN THE U.K. RICHARDSON

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